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Pitching for funds — the different routes

Having just finished the spring semester, I was led to ask myself: Why is pitching so important in entrepreneurship education?

The question occurred to me because as an entrepreneurship professor I have the pleasure of sitting through countless business plan presentations, elevator pitches, stadium pitches and trade shows as part of assessing students.

These assessments have become a ubiquitous feature of entrepreneurship education and can be found in countless programs and competitions across the country.

When thinking about the “pitch,” one is quickly drawn to TV pitchmen like Billy Mays and Anthony Sullivan and their somewhat exuber-

ant commercials. The sales pitch is clearly an important skill for gaining customers, both for sales people and entrepreneurs, but the pitch in entrepreneurship is normally focused on efforts to raise funds or gain interest in a venture.

Types of pitches

The standard “elevator pitch” involves a one-minute proposal that provides an overview of a product or service, a company and a market with an explanation of why it might be attractive to investors. The elevator pitch is typically trying to simulate that once-in-a-lifetime opportunity when you accidentally meet somebody who could make your venture take off, but you only have the time span of an elevator ride to make your case and get their interest.

It’s believed the elevator pitch had its origins in Hollywood where script writers

would attempt to gain the interest of producers while riding the elevator.

The “stadium pitch” is believed to have been created by business coach Chet Holmes.

Here the approach is more complex. It’s driven by the idea that you have a stadium filled with perfect prospects, but as soon as you start talking they can walk out. In this method, you have to capture their attention with a “wow” that has value to them, encourage them to want to take action (or create a “buying criteria”) and then pitch your value to them (the “core story”).

In this method, the pitch for the product or service comes at the end, which is quite different from an elevator pitch. The stadium pitch is also slightly longer and tends to simulate a sales situation where more time is available to attract interest.

In formal business plan

presentations, prospective entrepreneurs learn to present their business propositions to prospective investors, typically focusing on the investment opportunity, the team, the company, the product or service and the proposal’s financial attractiveness.

In this form, the pitch is simulating a more formal opportunity to attract investors where the entrepreneurs are interviewed intensely and is somewhat akin to what they would experience talking to business angel syndicates or venture capitalists.

A final method is the “trade show,” sometimes called a venture exhibition. Here, prospective entrepreneurs develop their ability to demonstrate business concepts through a more visual means using prototypes, display boards and media — basically any means through which they can capture the attention of passers-by and

get them to talk about the opportunity.

Having just sat through these various types of pitches, I was left wondering why we use them. The conclusion is perhaps obvious. Entrepreneurs during the venture creation phase are basically salespeople. They need to convince a whole range of different people (e.g. family members, customers, suppliers, partners and investors) to buy into the concept they are trying to start.

All of these techniques help people acquire communication skills they need to sell their business ideas effectively to many different types of stakeholders and in many different contexts.

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Luke Pittaway

Savannah Morning News.

www.savannahnow.com

Welcomes the

2010

International
Association of Ports
and Harbors’
Mid-term Board Meeting

Hosted by the Georgia Ports Authority,
this year’s theme is

**Economic Recovery
in Maritime Trade**

June 7 – 9, 2010

Marriott Savannah Riverfront

This exciting event promises to be a great source for industry information and networking with senior-level port representatives from around the world.

Registration is open to the community at:
www.gaports.com/iaph



Who really pays for coupons?

You clip a manufacturer’s coupon for a \$1 off a gallon of bleach. You go to the store. You select the bleach, which is \$1.79, and take it with your coupon to the cashier. She then subtracts the \$1, and the new bill before tax is \$0.79.



Will Black

Who pays for the coupon? The store? No. It electronically captures all the coupons for the month and forwards them to Johnson & Johnson, Proctor & Gamble

or some other manufacturer. Then they get a check for the amount of the coupons that were offered by the manufacturer, and the process repeats.

Not the circle of life Elton John sang about, but still the world goes on turning.

However, the story changes completely if we change one thing.

You go to the store; you buy whatever you buy with no coupons. You go to the cashier. You give her your Sky Miles card, rewards card, bonus-back card, cash-back card, etc., and the cashier rings you up. You get your Sky Miles, bonus points, cash back or whatever, the company who gave you the card

gets all the glory, and who foots the bill?

The card company right? After all, it’s the company’s card, kind of like going in with its coupon. Right?

Wrong.

The business where you bought your groceries, gas, meal, clothes, crafts, insulin, business supplies and everything else just picked up the check. And it had no choice. If it takes Visa and a customer goes in with a Visa rewards card of any type, it costs the business substantially more money than if you had a regular card.

Why is this? Why is the local burger joint where you go every Saturday paying for your Delta Sky Miles? If you’re using your Delta Sky Miles card shouldn’t Delta be picking up the extra?

If you are a business, beware. Better yet, be aware. Be aware of where your fees are going. This is not your merchant-services group gouging the daylight out of you. It’s the deals made with MC-Visa, Discover and Amex. What’s worse is if you take Visa at your place of business, you can’t turn away a Visa Rewards card without running the risk of being delisted.

Delisting means your merchant account just got cut

and you can no longer accept credit cards. It is a damning process at best.

Be aware. Know that your business pays for someone else’s coupon. Know that your rewards card punishes businesses where you like to shop. Be aware that people are foolish and make bad decisions that look good for the present, but are bad for the future.

We are continuing this trend of punishing businesses by making rewards debit cards. The cards that used to save businesses money will soon help tighten a stranglehold.

If you think this is OK, go back and look at the housing market over the last four years. Predatory lending was great for the people doing the lending, but a beast can only be beaten so many times before its back is broken. Forgive the ugly sentiment.

And forgive me for editorializing, but America’s businesses have always been the ox that pulled us out of the mud. We can strangle them or reward them. One gets us out of the sinking mud; the other drowns the ox with us.

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